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BEFORE
THE SENATE COMMITTEE ON COMMERCE, SCIENCE AND
TRANSPORTATION

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Good morning Mr. Chairman and Members of the Committee. The Department appreciates the opportunity to appear at this important hearing on the reauthorization of Federal Aviation Administration (FAA) Programs and other aviation issues.

Secretary Slater recognizes that 1999 will be the Year of Aviation. To that end, he is leading the Department's efforts as we formulate both legislative proposals and departmental actions designed to enhance aviation as we enter the 21st century.

Of course, the Department looks to the Congress as we work together in the coming months on aviation matters. The work we started last year will form the foundation upon which we move forward together this year.

We are also working with our constituents in formulating our agenda. In the past few months, Secretary Slater has met with members of the aviation community in Des Moines, Iowa; Seattle, Washington; Miami Florida, and New York City to get

insights into what actions are necessary to ensure that the United States continues to lead the world in aviation, and that aviation remains one of the most competitive industries in the nation. The Secretary has heard from aircraft manufacturers, airlines and their employees, consumers, as well as industry analysts.

And we continue to reach out to the aviation community. Next week, the Secretary will travel to Phoenix to meet with airport officials to discuss issues relating to airport financing. The week after, he will be in Rochester, New York, leading a discussion on aviation competition.

What we have learned, and continue to learn, will guide us on many of the issues that you have placed on the agenda today.

The bill which was introduced yesterday, closely follows the legislation that passed the Senate in the 105th Congress. The legislation addresses airline industry economic issues as well as FAA reauthorization. The Administration is also in the process of developing a set of proposals dealing with airline economic issues. We hope to have those proposals completed soon.

Today, I would like to remark on programs that address domestic airline competition and air service to the smaller communities.

As you know, the Department has been active in seeking ways to assure that domestic airline competition remains vigorous so that the enormous benefits of airline deregulation can be realized by all cities and regions throughout the country. I think it is fair to say that this Committee and the Department have been in general agreement about the need to promote domestic airline competition and address small community air service issues.

Airline deregulation, now 20 years old, is a major, success story overall. It is also true that many communities with relatively light traffic or with limited amounts of competition face limited air travel options or high fares.

Consequently, the 105th Congress did develop some targeted proposals that would address the most significant problems for rural service areas. While the Administration has not completed its own proposals in these areas, the Department is in general agreement with the direction the Congressional legislation is taking.

We are in general agreement with proposals that loosen the limits for access to High Density Rule airports as long as the environmental effects at these airports are given careful consideration in any proposals. We support using this tool to promote competition. However, the Department has taken a neutral position with regard to changes in the law at Ronald Reagan Washington National

Airport since these arrangements are set by law – not regulation – and are the product of a Congressional compromise. With regard to the other high density rule airports, we believe that technological developments, particularly quieter engines in newer aircraft, may offer an opportunity to address competitive and small community service issues. We ourselves have used exemption authority to grant 60 additional slots at O'Hare and 30 additional slots at LaGuardia. Both competition and smaller community concerns have been addressed by these exemptions.

Title V of your bill includes a number of provisions aimed at enhancing services to the nation's smaller communities. The Administration is also concerned about the problems faced by smaller aviation markets across the nation. In the past year we have completed analyses of rural air transportation and have commissioned more work on the impact of air service on rural and small metropolitan communities. We are working on proposals to set forth in this area.

Your bill calls for a study of marketing practices and their impact on service to small and medium communities. We ourselves are now studying several aspects of competition including computer reservations system and airports. We are also cooperating with the Transportation Research Board of the National Academy of Sciences as they prepare a report to Congress on competition in the airline industry.

Your committee and the administration have worked constructively together in the past. Our mutual concerns and the direction of the solution you are proposing and we are developing are certainly in general accord. We look forward to working with the Committee in adopting legislation to help communities throughout the nation.